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**Atlas Explorations Limited (N.P.L.) • First Annual Report**

1966







**ATLAS  
EXPLORATIONS  
LIMITED (N.P.L.)**



**OFFICERS:**

*President, Dr. Aaro E. Aho*  
*Vice President, Finance, Ronald V. Markham*  
*Vice President, Exploration, R. E. Gordon Davis*  
*Comptroller, Gordon K. Allan*

**DIRECTORS:**

Aaro E. Aho, West Vancouver, B.C.  
Ronald V. Markham, Vancouver, B.C.  
R. E. Gordon Davis, Vancouver, B.C.  
Alan Kulan, Vancouver, B.C.  
Raymond L. DeProy, Vancouver, B.C.

**GENERAL COUNSEL:**

John Bruk

**HEAD OFFICE:**

330 Marine Building, 355 Burrard Street,  
Vancouver 1, B.C.

**REGISTERED OFFICE:**

801 - 900 West Hastings Street, Vancouver 1, B.C.

**YUKON OFFICE:**

101 Elliott St., Whitehorse, Y.T.

**CHILE OFFICES:**

Legal: Teatinos 200 - 10° Piso, Santiago  
Mine: V. MacKenna 161, Calama  
Washington 2562, Of. 206, Antofagasta

**AUSTRALIA OFFICE:**

49 Walker Street, North Sydney, N.S.W.

**CONSULTING ENGINEERS:**

Dr. Douglas D. Campbell, Vancouver, B.C.  
J. R. MacDonald, Port Credit, Ontario  
Coe & Van Loo, Phoenix, Arizona

**AUDITORS:**

McDonald, Currie & Co., Chartered Accountants,  
Vancouver, B.C.  
Coopers Lybrand, Chile and Australia

**SOLICITORS:**

Lawrence, Shaw, Stewart & McLoughlin,  
Vancouver, B.C.

**TRANSFER AGENTS:**

The Guaranty Trust Company of Canada,  
Vancouver, B.C.

**CAPITALIZATION:**

10,000,000 shares 50c par value



## PRESIDENT'S REPORT

Atlas Explorations Limited was incorporated to carry out mineral exploration on a scale and intensity that would ensure optimum probabilities of major mineral discoveries. The approach is based on competent staff, sound financing, and selection of best areas of significant potential.

The principals and personnel of the company have carried out the successful Dynasty Explorations program and other developments in Yukon. Significant progress has now been achieved with Atlas in exploration, and also in production in Chile, with the objective of generating cash flow for continued growth.

Yukon is on the verge of unparalleled industrialization as a result of recent discovery or assessment of varied major resources such as hydro-electric power at the headwaters of Yukon River and other sites, natural gas in southeastern Yukon, petroleum and natural gas potential in the outlying Mackenzie River and Eagle Plains areas, huge reserves of iron ore near the Yukon-Northwest Territories boundary, forests which may provide a basis for pulp and paper, potential coal reserves, projected road and railway construction, and mineral developments such as the Anvil lead-zinc deposits. Yukon is changing radically from its previous remote, high cost status, to a region of intensive mineral development and production. The main emphasis of the Company is thus focussed on Yukon, with recent success in outlining a promising new mineral district.

In Chile our objective is to attain production at minimal capital expenditure to generate cash flow that could be used for exploration. Chile has excellent mineral potential especially in copper, long-standing political stability which assures a firm economic future, and tax incentives in its northern provinces equivalent to present Canadian legislation. Expansion of operations in Chile may thus be foreseen with the advent of profitable production coupled with 30% reinvestment stipulated by the government.

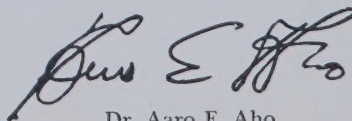
Australia is a fertile field for great new mineral potential, comparable to Canada some 20 years ago before exploration had reached its present intensity. It also has political stability and incentives in the form of government assistance and is thus considered particularly attractive for exploration.

We are continually evaluating the relative merits of Yukon, Chile, Australia, and other possible countries, both for mineral potential and for exploration and production incentives such as non-taxable capital gains, tax free period, depletion allowances and government assistance. Subsequent reports herein outline the highlights of our projects.

Important contributing factors to our outstanding progress have been the high calibre of personnel and their excellent morale, cooperation, and incentive, both in the field and in the various offices.

In conclusion, I sincerely thank other directors, consultants, employees, joint venture partners, government representatives, associates, and loyal shareholders, without whose effort we would not have progressed as we have.

Respectfully submitted on behalf of the Board of Directors.



Dr. Aaro E. Aho  
President







*Atlas directors planning exploration in Yukon. Left to right: Ronald V. Markham, Dr. Aaro E. Aho, R. E. Gordon Davis, Alan Kulan.*

## ACTIVE PERSONNEL

DR. AARO E. AHO, *President, Director*;  
Geological Engineer, 20 years geology, prospecting and exploration, mostly Yukon

RONALD V. MARKHAM, *Vice President, Finance, Director*;  
Executive, 16 years management and financing

R. E. GORDON DAVIS, *Vice President, Exploration, Director*;  
Geological Engineer, 9 years prospecting and exploration, half in Yukon

ALAN KULAN, *Director*;  
Prospector, 20 years prospecting and business management in Yukon

RAYMOND L. DEPROY, *Director*;  
Executive, 16 years sales and business management

GORDON K. ALLAN, *Comptroller*;  
Professional Accountant; 26 years banking, finance and corporation income tax auditing

LOUIS P. LEES, *Assistant Comptroller and Cost Supervisor*;  
Professional Accountant; 18 years finance, purchasing, and administration in exploration

EDWARD O. CHISHOLM, *Exploration Manager*;  
Geologist; 26 years exploration — Yukon, Eastern Canada, Chile

JOHN S. BROCK, *Geophysicist and Assistant Exploration Manager*;  
Geophysicist, 7 years exploration — British Columbia, Yukon

DR. CLYDE L. SMITH, *Senior Geologist*;  
10 years geology and exploration — United States, Canada

TIMOTHY SADLER-BROWN, *Geologist*;  
8 years exploration — Eastern Canada, British Columbia

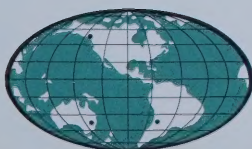
J. RONALD MACDONALD, *Managing Director, Chile*;  
Mining Engineer, 10 years mine operations — Quebec, Ontario; 22 years exploration — Canada, Ireland, U.K., Mexico, U.S., Latin America

JOHN A. PORA, *Mine Manager, Cima Mines Subsidiary, Chile*;  
19 years engineering and mine management, mostly Chile

COLIN I. GODWIN, *Exploration Manager in Australia*;  
Geological Engineer, 9 years geology and exploration

ANTONY C. TURNER, *Geologist, Australia*;  
12 years geology and exploration, Australia, Canada, Africa, South America.

Other highly qualified prospectors, geophysical operators, geochemists and office staff





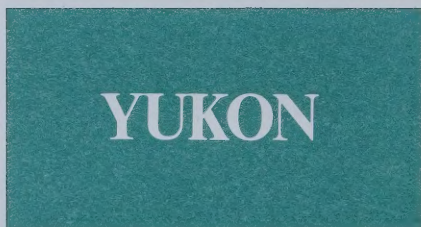
## YUKON General

Using integrated saturation exploration which proved successful in the Dynasty-Anvil district, your company has directed its main efforts to intensive large scale mineral exploration in the base metal province of central Yukon where large lead-zinc deposits have been recently slated for production by Anvil Mining Corporation. During the 1966 field season Atlas carried out an \$800,000 primary exploration program based out of Ross River; probably the largest comprehensive aerial and ground search for minerals ever conducted in Western Canada.

Our exploration totalled 2,625 miles of airborne electromagnetic surveys, 3,920 miles of aeromagnetic surveys, analysis of 23,784 soil samples in our geochemical laboratory at Ross River, 241 miles of ground electromagnetic and magnetic surveys, 10,520 feet of trenching, 25 miles of access road, over 2,000 feet of diamond drilling and staking of 2,366 claims.

Various prospects were examined, several favourable areas were explored, three prospecting crews brought in several properties including a number of new discoveries in the Sheldon area, and drilling was started on copper deposits in the Fyre Lake area.

The most promising results are in the Sheldon area in which intensive followup is being started in 1967 and at Fyre Lake where drilling was resumed in April. Prospecting, property examination, and other work which initially leads to new discoveries, are being continued.



*Ross River exploration base.*

## Northern Mineral Grants

Last fall, under new regulations passed August 24, 1966, the Department of Indian Affairs and Northern Development approved our application for 40% Mineral Exploration Assistance Grants for the Sheldon and Fyre Lake projects.

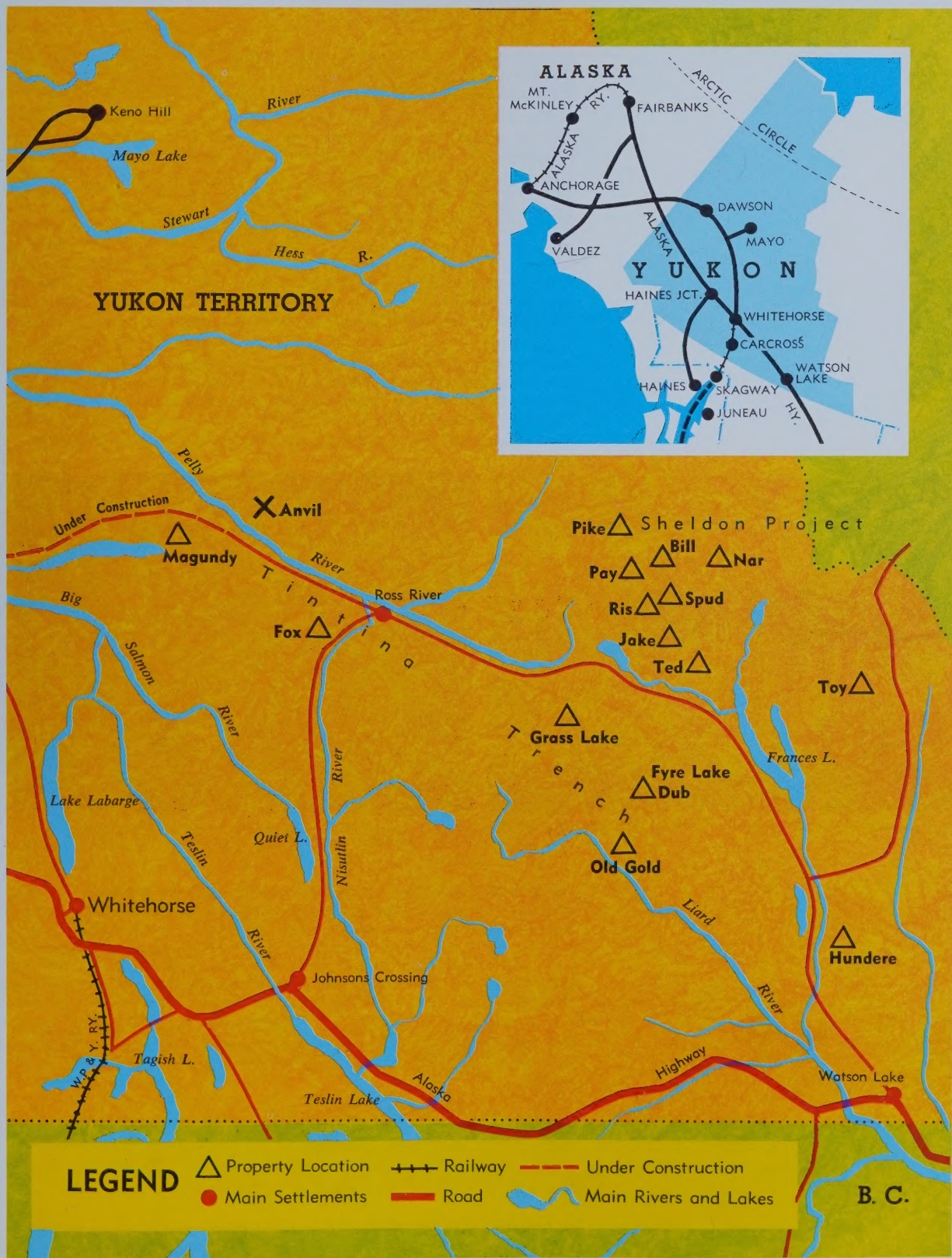
Our initial claim covering expenditures to March 31, 1967, the Government's fiscal year end, has been submitted for a total grant of approximately \$100,000. Subsequent claims will be submitted every 3 months as the program proceeds. The combined projected budgets total \$1,400,000.

The grants received become repayable to the Government only if production commences on any of the holdings covered by the applications.

## Sheldon Project

The Sheldon project encompasses a newly-discovered northwesterly-trending mineralized district about 60 miles long and 25 miles wide. The geology and mineralization of porphyry copper-silver, lead-zinc replacement, and silver-lead vein types are all strikingly similar to the







## YUKON (Cont.)

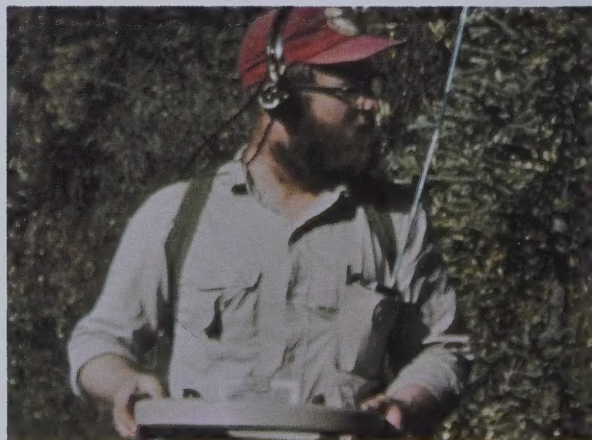
Dynasty-Anvil district and, in spite of similar overburden cover, preliminary prospecting encountered more mineralization and geochemical anomalies. The area is believed to contain important deposits.

The Pike property of 794 claims west of Traffic Mountain covers a zone of porphyry-type copper-silver mineralization with minor lead-zinc associated with geochemical and geophysical anomalies over a two-mile length. Airborne magnetic and electromagnetic surveys have been completed in the area and part of the property has been investigated by ground magnetic, electromagnetic, induced polarization, geochemical and geologic surveys. Bulldozer trenching on the western end of the known mineralized zone exposed a length of 615 feet and width of 46 feet averaging 0.61% copper and 2.44 oz/ton silver, or about 2,500 tons per vertical foot of \$9/ton grade at current metal prices. Further exploration of the untested part of this and of other anomaly targets on the property may reveal larger economic deposits.

On the Pay property of 166 claims east of Fortin Lake, preliminary examination and soil sampling around showings of lead-zinc replacement and gold-silver vein mineralization showed values of .14 to 20 oz/ton silver and 0.16 to 0.76 oz/ton gold, and a 1½-by 3-mile long high-zinc geochemical anomaly coinciding with aeromagnetics on the nose of a granite body. Prospects for significant discovery are good.



*Veteran prospector Arnold Racicot staking Nar property, Sheldon project.*



*Geologist Al Sangster carrying out electromagnetic survey on Pike property, Sheldon project.*

The Nar property of 72 claims southeast of Pelly Lakes covers considerable copper-lead-zinc-silver replacement and vein-type mineralization discovered late last season next to a granite stock. Selected grab samples assayed 1.9 to 2.5% copper, 6.6 to 38.9% combined lead and zinc, and 0.91 to 118.9 oz/ton silver. The full extent of this promising prospect is still to be determined since only preliminary prospecting was done.

The Bill property of 94 claims south of Pelly Lakes covers an extensive high copper-lead-zinc geochemical anomaly which may reflect significant mineralization in an overburden covered area of favourable geology.

The Jake property of 80 claims near McEvoy Lake covers an area of high geochemistry and an associated aeromagnetic anomaly with numerous newly discovered showings of copper-lead-zinc mineralization, mostly disseminated in altered granitic rock. Selected samples assayed 2.4 to 14.3 oz/ton silver, .18 to 16.2% copper, 0.2 to 9.2% lead and up to 3.6% zinc.

The Toy property of 88 claims under option southeast of Anderson Lake covers a steeply dipping 8-foot wide zone of massive sulfides from which grab samples from preliminary examination gave up to 0.3



oz/ton gold, 1.0 to 44.5 oz/ton silver, 0.2 to 78.0% lead, 9.5 to 10.9% zinc and 0.37 to .75% copper.

The Spud, Ris and Ted claims cover a copper-zinc anomaly, copper-bearing quartz veins, and barite veins respectively, found by initial prospecting.

## Fyre Lake Project

The Dub property at Fyre Lake, 86 miles southeast of Ross River, covers two zones of copper mineralization occurring in schist cut by faults near granite intrusives, similar to the Dynasty-Anvil district farther northwest along the Tintina trench.

In the fall of 1966 over 2,000 feet of diamond drilling indicated 0.4 to 2.0% copper over width of 20 to 40 feet in four widely spaced drill holes on one geophysical and geochemical anomaly 2,000 feet long. However, further work was curtailed by freeze-up before conclusive results could be obtained.

On April 20 drilling was resumed at lower elevation on the second nearby zone; where copper float is associated with coincident geochemical, magnetic, and electromagnetic anomalies 1800 feet long and 300 feet wide.

Ground follow-up of airborne survey results has indicated several



*Atomic absorption photo spectrometer being used to analyse over 500 soil samples per day in Atlas geochemical laboratory at Ross River.*



*Bulldozer trenching on Pike porphyry copper-silver deposit, Sheldon project.*

other targets, and further prospecting in the area may reveal other zones of copper mineralization.

## Other Prospects

At Mt. Hundere north of Watson Lake detailed soil sampling indicated probable extensions of high grade lead-zinc mineralization, justifying future trenching and diamond drilling.

At Kathleen Lakes north of Mayo soil sampling disclosed a zinc geochemical anomaly over 3,000 feet long associated with a gossan zone. Further investigation is proposed.

On the Magundy property near Little Salmon Lake and the Old Gold properties at the head of Liard River, ground follow-up of airborne surveys disclosed various anomalies but relationship to mineralization is uncertain, so the properties are held pending further developments or follow-up. On the Fox claims west of Ross River silver-lead veins discovered and trenched by bulldozer are held for further possible work.

Other claim groups and prospects examined in Yukon were considered less promising and were either abandoned or placed in good standing by applying assesment work done.



## CHILE

Initial production of copper from the Quetena deposit of the Cima Mines subsidiary in Northern Chile is expected to begin about the end of April, and to reach a projected rate of 10,000 pounds of copper per day by June. The operation adjoins the property of Anaconda's Chuquicamata mine which is one of the largest open pit copper operations in the world.

The Cima operation is the first application in Chile of heap leaching of oxidized ore with minor sulfide content, a process applied increasingly successfully in recent years to low grade oxidized copper ores in southwestern United States. Our ore has the special advantage of high water-soluble copper content which is easy to leach.

Treatment consists of loading the ore from the mine or open pit onto an asphalt-coated soil cement pad and sprinkling with water and acid to dissolve water- and acid-soluble copper as copper sulfate solution. The solution drains out through an underlying collection system of perforated plastic pipe, then is circulated over scrap iron in concrete tanks where it precipitates as metallic "cement copper" concen-

## CHILE



*Cima's precipitation plant in foreground, and leaching pad in background being loaded from dump in center; Quetena mine behind left foreground, February, 1967.*

trate containing about 65-70% copper. The cement copper is dried on a pad in the extremely arid and sunny climate, bagged, and trucked to the seaport of Antofagasta for shipping to designated buyers under the sales agency of Philipp Brothers.

Cima Mines is a Canadian subsidiary of Atlas Explorations Limited and is registered in Chile. Of the total capitalization of 3,000,000 shares, 2,650,000 are owned by Atlas as consideration for financing exploration and development, 300,000 by Chilean associates as partial consideration for property and other assets, and 50,000 by Dynasty Explorations as consideration for a 12-month production loan of up to \$500,000.

The Chilean government has signed a formal decree or "Aporte de Capital" which guarantees Cima certain tax and economic concessions for the next ten years. This decree provides for freedom from customs duties on imported equipment, exemption from a tax on exported copper, certain employee benefits including contribution of 5% of profits for housing and facilities, reduction of income tax to a net of



5.75% of profits, free repatriation in dollars of all new capital brought into Chile up to \$1,764,214, and free repatriation of all net profits less 30% to be reinvested in Chile.

In the Quetena mine conservatively estimated reserves total about 400,000 tons containing 5,000 metric tons of recoverable copper which will be extracted in phases at a rate of about 5 tons per day (7.5 tons of cement copper) over a projected life of 2.65 years. Economic projection for the new Quetena mine is as follows:

Value of recoverable copper @ 40c U.S. per lb. ....	\$4,410,000 US
Less: Cost of extraction .....	2,006,000
Total operating profit .....	\$2,404,000 US
Less: Total estimated capital expenditure .....	900,000
	\$1,504,000 US
Less: Income tax @ 5.75% .....	86,480
Net profit after taxes and full capital expenditure recovery .....	\$1,417,520 US
Net profit in Canadian dollars .....	\$1,530,921
Time required to recover original investment .....	10.2 months



*Asphalt-coated soil cement leaching pad with drainage system being loaded preparatory to production.*



*Precipitation tanks, with concentrate drying pad being constructed in background.*

After write-off of the capital costs it should be possible to continue production beyond the above period at lesser cost, making possible the economic recovery of larger indicated reserves of lower grade in the immediate mine vicinity.

Into the nearby San Miguel deposit, an exploration adit and two cross-cuts totalling 510 feet were driven this winter. This work indicated a substantial tonnage which could be economic for a large operation.

Mineralization on the property is similar to that of nearly Chuquicamata and future exploration may disclose other important ore bodies. Magnetic and geochemical surveys recently completed on the south zone of the property show encouragement. However, no immediate exploration is planned until profitability of the operation is established. It is then planned to use the 30% reinvestment to expand production and to explore further.







## AUSTRALIA

Preliminary investigations, compilation of regional geology and mineral occurrences, and photogeologic interpretation were started in Australia in January, 1966 under a totally owned subsidiary, Atlas Explorations (Australia) Limited.

During the year, follow-up field examinations, geochemistry, and some geophysical work was carried out in several localities in New South Wales and Queensland. Some were eliminated, others are being investigated in more detail; and properties submitted by prospectors are being examined.

In November the Red Hill copper property, 150 miles southwest of Sydney, New South Wales, was optioned. A dump from an old shaft showed mineralization of 5.3 to 6.6% copper, and detailed magnetic, induced polarization, resistivity and geochemical surveys established promising targets. A program of at least 2,000 feet of diamond drilling was started in March, 1967.

The program for 1967 includes continued property examinations and regional investigations of further favourable areas of possible major potential.



*Diamond drilling Red Hill copper property in New South Wales, March, 1967.*







# ATLAS EXPLORATIONS LIMITED (N.P.L.)

## AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet as at December 31, 1966

### ASSETS

CURRENT ASSETS		\$
Cash .....	48,721	
Short-term deposits .....	160,000	
Accounts receivable .....	34,910	
Loan receivable .....	10,562	
Inventory of supplies, at the lower of cost and net realizable value .....	33,414	
Prepaid expenses .....	<u>5,220</u>	292,827
INVESTMENT (notes 1 and 3) .....		35,000
MINERAL PROPERTIES (notes 1 and 4) .....		354,459
FIXED ASSETS (note 5) .....		402,314
DEFERRED COSTS (note 1)		
Exploration, development and preproduction — per schedule ..	1,186,299	
Administrative — per schedule .....	124,367	
Organization costs .....	<u>5,142</u>	1,315,808
SIGNED ON BEHALF OF THE BOARD		
		
Director		
		
Director		
		<u>2,400,408</u>



## LIABILITIES

CURRENT LIABILITIES		\$
Accounts payable and accrued liabilities .....	211,435	
Current portion of long-term debt .....	<u>162,000</u>	373,435
LONG-TERM DEBT (note 6)		
Agreements payable .....	226,800	
Less: Current portion .....	<u>162,000</u>	64,800
EXCHANGE ADJUSTMENT ARISING ON CONSOLIDATION OF SUBSIDIARY COMPANY HAVING A FOREIGN DIVISION .....		19,255
MINORITY INTEREST IN NET ASSETS OF CONSOLIDATED SUBSIDIARY COMPANIES .....		87,000
EXCESS OF BOOK VALUE OF NET ASSETS OVER COST OF INVESTMENT IN SHARES OF SUBSIDIARIES .....		<u>150,687</u> <u>695,177</u>

## SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 8)		
Authorized —		
10,000,000 common shares of the par value of 50c each		
Issued and fully paid —		
2,351,532 shares	795,765	
SURPLUS .....	<u>909,466</u>	<u>1,705,231</u>
		<u><u>2,400,408</u></u>

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Atlas Explorations Limited (N.P.L.) and subsidiary companies as at December 31, 1966, and the consolidated statements of surplus and source and use of funds for the period ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of surplus and source and use of funds, when read in conjunction with the notes and schedules thereto, present fairly the consolidated financial position of the companies as at December 31, 1966, and the results of their operations for the period ended on that date in accordance with generally accepted accounting principles.

Vancouver, B.C.  
April 14, 1967.

McDONALD, CURRIE & CO.  
Chartered Accountants.



# ATLAS EXPLORATIONS LIMITED (N.P.L.)

## AND SUBSIDIARY COMPANIES

Consolidated Statement of Surplus for the period from November 9, 1965

(Date of incorporation) to December 31, 1966

CONTRIBUTED SURPLUS		\$
Excess of proceeds of sale over par value of 1,201,530 shares of capital stock .....		908,825
Balance — December 31, 1966 .....		<u>908,825</u>
RETAINED EARNINGS		
Gain on sale of investments .....		2,313
Less: Loss on option agreement dropped .....	500	
Loss on sale of fixed asset .....	<u>1,172</u>	<u>1,672</u>
Balance — December 31, 1966 .....		<u>641</u>
SURPLUS — DECEMBER 31, 1966 .....		<u><u>909,466</u></u>

Consolidated Statement of Source and Use of Funds for the period from November 9, 1965

(Date of incorporation) to December 31, 1966

SOURCE OF FUNDS		\$
Proceeds from sale of capital stock .....	1,629,590	
Proceeds from sale of investment .....	5,000	
Proceeds from sale of fixed assets .....	3,868	
Exchange adjustment arising on consolidation of subsidiary company having a foreign division .....	<u>19,255</u>	<u>1,657,713</u>
USE OF FUNDS		
Exploration, development and preproduction costs for the period .....	1,186,299	
Deduct: Depreciation, a charge not requiring an outlay of funds .....	<u>188,109</u>	<u>998,190</u>
Administrative costs for the period .....	124,367	
Capitalization of mineral properties .....	2,239	
Purchase of investments .....	35,000	
Purchase of fixed assets .....	283,463	
Payment of long-term debt .....	270,000	
Payments made under option agreements .....	19,920	
Payment of organization costs .....	<u>5,142</u>	<u>1,738,321</u>
WORKING CAPITAL DEFICIENCY .....		<u><u>80,608</u></u>

# ATLAS EXPLORATIONS LIMITED (N.P.L.)

## AND SUBSIDIARY COMPANIES

Consolidated Schedule of Deferred Administrative Costs for the period from November 9, 1965  
(Date of incorporation) to December 31, 1966

	\$
Administrative and management fees .....	39,125
Advertising .....	2,175
Audit and accounting .....	8,605
Consulting fees .....	3,711
Employees' salaries .....	27,420
Legal .....	9,209
Office .....	11,674
Rent .....	12,016
Shareholders' reports .....	9,490
Stock exchange and trustee fees .....	4,044
Telephone and telex .....	9,222
Travel .....	12,000
	<u>148,691</u>
Less: Interest income .....	24,324
TOTAL .....	<u><u>124,367</u></u>

Consolidated Schedule of Deferred Exploration, Development and Pre-production Costs for the  
period from November 9, 1965 (Date of incorporation) to December 31, 1966

## EXPLORATION AND DEVELOPMENT

### CANADA —

Yukon Territory —	\$
Fyre Lake .....	197,068
Grass Lakes .....	45,134
Hundere .....	17,574
Magundy .....	56,750
Old Gold .....	69,770
Selwyn .....	28,240
Sheldon .....	351,478
Other .....	<u>27,721</u>
	793,735
Less: Expense recoveries .....	<u>20,433</u>
	773,302

AUSTRALIA — .....	<u>43,696</u>
	816,998

## PREPRODUCTION

CHILE — .....	<u>369,301</u>
TOTAL (includes depreciation totalling \$188,109) .....	<u><u>1,186,299</u></u>



# ATLAS EXPLORATIONS LIMITED (N.P.L.)

## AND SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements for the period from November 9, 1965

(Date of incorporation) to December 31, 1966

### 1. VALUES

The amounts shown for investments, mineral properties and deferred costs represent costs to date and are not intended to reflect present or future values.

### 2. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of all subsidiary companies.

The accounts of the foreign division of a subsidiary company have been converted at the following rates of exchange:

- (a) fixed assets — at rates at dates of acquisition or construction.
- (b) current assets and current liabilities — at rates at December 31, 1966.
- (c) deferred exploration, development and preproduction costs — at an average rate for 1966 except for depreciation which is converted at the rates effective on the dates on which the expenditures on the related assets were made.

### 3. INVESTMENT

The company is to receive an interest in a new company, Empress Mines Limited, in consideration for \$35,000 expended by way of its participation in a joint venture project with Nippon Mining Company.

### 4. MINERAL PROPERTIES

As at December 31, 1966 the company and its subsidiaries owned, or had the right to acquire under option, the following mineral properties:

CANADA	\$
2,239 staked mineral claims, at a nominal value of \$1 each .....	2,239
128 mineral claims, at the value ascribed to 750,000 shares (\$75,000) of the parent and 300,000 shares (\$30,000) of a subsidiary issued as consideration therefor .....	105,000
78 mineral claims, being acquired under options for cash payments totalling \$230,000 and specified minority numbers of vendor shares in new companies to be formed to hold the mineral properties if the options are fully exercised; options are exercisable by payment of varying amounts up to September 15, 1971, of which \$17,000 has been paid to December 31, 1966 .....	17,000
<u>2,445</u>	<u>124,239</u>

#### CHILE

- 644 mineral claims, in consideration for \$172,800 cash and the value ascribed to 100,000 shares (\$55,000) of a subsidiary issued as consideration therefor .. 227,800

Of the Chilean mineral properties, 623 claims are charged with a royalty of 1% of the gross value of the copper produced and sold therefrom.

#### AUSTRALIA

3 mineral properties, being acquired under option for cash payments totalling \$90,750 (\$A75,000) and 20% of the vendor shares of a new company to be formed to hold the properties if the option is fully exercised; the option is exercisable by payment of varying amounts up to November 1, 1971, of which \$2,420 (\$A2,000) has been paid to December 31, 1966 .....	2,420
<u>3,092</u>	<u>354,459</u>

## 5. FIXED ASSETS

Buildings, leaching pad, machinery, equipment, land and related accumulated depreciation are classified as follows:

	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Net</i>
	\$	\$	\$
Buildings .....	36,083	7,217	28,866
Leaching pad .....	71,903	23,968	47,935
Automotive equipment .....	33,282	11,094	22,188
Office equipment .....	9,157	1,831	7,326
Field equipment acquired for \$281,998 cash and 150,000 shares (of a subsidiary) having an ascribed value of \$150,000 .....	431,998	143,999	287,999
	<u>582,423</u>	<u>188,109</u>	<u>394,314</u>
Land .....	8,000		8,000
TOTALS .....	<u>590,423</u>	<u>188,109</u>	<u>402,314</u>

## 6. LONG-TERM DEBT

Pursuant to five agreements, the company has agreed to pay a total of \$334,800 (\$310,000 U.S.) for the acquisition of mineral properties and field equipment situated in Chile; \$108,000 (\$100,000 U.S.) has been paid to December 31, 1966, leaving a balance payable of \$226,800 (\$210,000 U.S.).

## 7. MANAGEMENT FEES

During the period November 9, 1965 (Date of incorporation) to December 31, 1966 the company paid management and consulting fees of \$43,850 to companies controlled by the directors of Atlas Explorations Limited (N.P.L.) and subsidiary companies.

## 8. CAPITAL STOCK

Effective February 23, 1966 the company converted from a private company to a public company.

During the period from November 9, 1965 (Date of incorporation) to December 31, 1966 the company issued the following shares of its capital stock for a total consideration of \$1,704,590, being \$795,765 plus a premium of \$908,825:

		\$
750,000 shares for mineral properties .....	375,000	
Less: Discount .....	<u>300,000</u>	75,000
1,601,532 shares for cash .....	800,766	
Less: Discount on 400,002 shares .....	<u>80,001</u>	720,765
<u>2,351,532</u>		<u>795,765</u>

750,000 of the issued shares are held in escrow by the Guaranty Trust Company of Canada subject to the orders of the Vancouver Stock Exchange and the Superintendent of Brokers of British Columbia.

Stock options, expiring in 1970, have been granted to employees to purchase up to 100,000 shares at a price equal to the market price less 20% or, where there is no listing of the shares, at the same price as the shares are offered to others less 25%. As at December 31, 1966, the employees had purchased 20,000 shares at 75c per share.

## 9. SUBSEQUENT EVENTS

Subsequent to December 31, 1966, the company entered into an agreement with Dynasty Explorations Limited whereby Dynasty granted the company a line of credit up to \$500,000 repayable within 12 months. In consideration for this line of credit, the company is to pay interest at 7½% per annum, plus a bonus of 50,000 shares of a subsidiary, Cima Mines Limited (N.P.L.); such shares to carry the right of conversion into Atlas stock on a basis of 3 Cima shares for 1 Atlas share, conversion to be at the shareholders' option. Atlas pledged its shareholdings in Cima as security for this loan. As at April 7, 1967, Dynasty had advanced \$400,000 under this agreement.





*Helicopter moving Atlas exploration camp near Fyre Lake.*



*Atlas prospecting crew at old Pelly Lakes trading post, Sheldon Project, August 1966.*

## JOINT VENTURES

Atlas is participating 46½% with Nippon Mining Company in the Empress Mines project on which extensive geologic and geochemical reconnaissance were carried out in the Aishihik Lake area of Yukon. Geochemical and magnetic anomalies with copper-molybdenum possibilities were defined, 142 claims were staked, and detailed follow-up is planned.

Your company is also participating 50% with Dynasty Explorations in a new porphyry copper find, optioned from J. S. Walper, and located on tidewater on Prince of Wales Island in southernmost Alaska. A group of 294 twenty-acre claims covers an extensive area of feldspathic alteration with copper and minor molybdenum in shear zones and disseminations from which grab samples assayed 0.2 to 0.4% copper. Soil sampling and prospect trenching were started in the fall of 1966 and resumed in April 1967 with the objective of establishing preliminary indications of overall grade and extent.

Agreement has been reached on 40% participation with Cominco in initial exploration being managed by Cominco on a large claim block optioned by Atlas from W. T. Knox in the Wollaston Lake area of Saskatchewan. Falconbridge Mines Limited are drilling lead-zinc indications on adjoining property.





*Staking Claims at Fyre Lake February, 1966.*



*Helicopter at Traffic Mountain, Sheldon Project.*





